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FAA FUNDING

Forecast?

Facts.

Friction!

Fantasy?

Formula!



From a GA Perspective



In today's GA industry
alternate title:

‘Fractional Fairy Tales’



PURPOSE

✈ Forecast of FAA funding

- difficult to do

✈ Congress controls funding

- tremendous political structural reason to get involved



Funding Proposals

- ✈ **Business as is**
- ✈ **User Fees**
 - variety of proposals
- ✈ **Trust Fund Off budget**
- ✈ **Firewalls**



Funding Proposals

→ (S)he Who Predicts Political Patterns is not Pundit

→ (S)he is a Fool

- no one would have predicted that Chairman Shuster would have beaten the HR Leadership



Funding Proposals

✈ **Will the Chairman beat the Senate**
(esp. Budget Chairman Shelby)?

✈ **Stay tuned**



A FEW FACTS



A FEW FACTS

✈️ **FAA = BUSINESS**

- air traffic...little debate
- flight standards ~

UNDERWRITERS LABORATORY

- need to be fully integrated



A FEW FACTS

➔ Impact of “Less government theme”
of past 20+ years

- NOT = less talented
- = less action
- requires tremendous people

➔ All of Government NOT attracting
such people

➔ FAA has to get out to keep up



A FEW FACTS

✈ CONGRESS = FAA BOARD OF DIRECTORS

- too many people to keep informed
- new Members
- in new roles
- subtle differences => massive impacts
 - AFSS history
- no consistent strategic point of view



A FEW FACTS

✈ **Not meant as criticism,
Hill involvement/oversight
driven by**

- Constituents
- Constitution
- Philosophy

✈ **But, in reality adds to cost of FAA**



A FEW FACTS

✈ **FAA = SERVICE**

✈ **USERS PAY TODAY**

✈ **USERS DO NOT PURCHASE**

- no specific order
- service desired NOT = service paid for
- result: services' cost > that needed
- N.B. FAA has had great problems in costing accurately its services

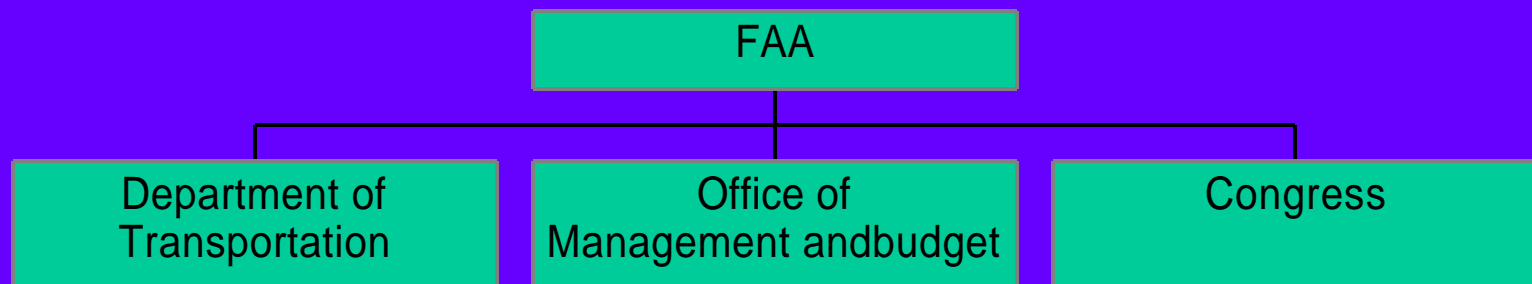


A FEW FACTS

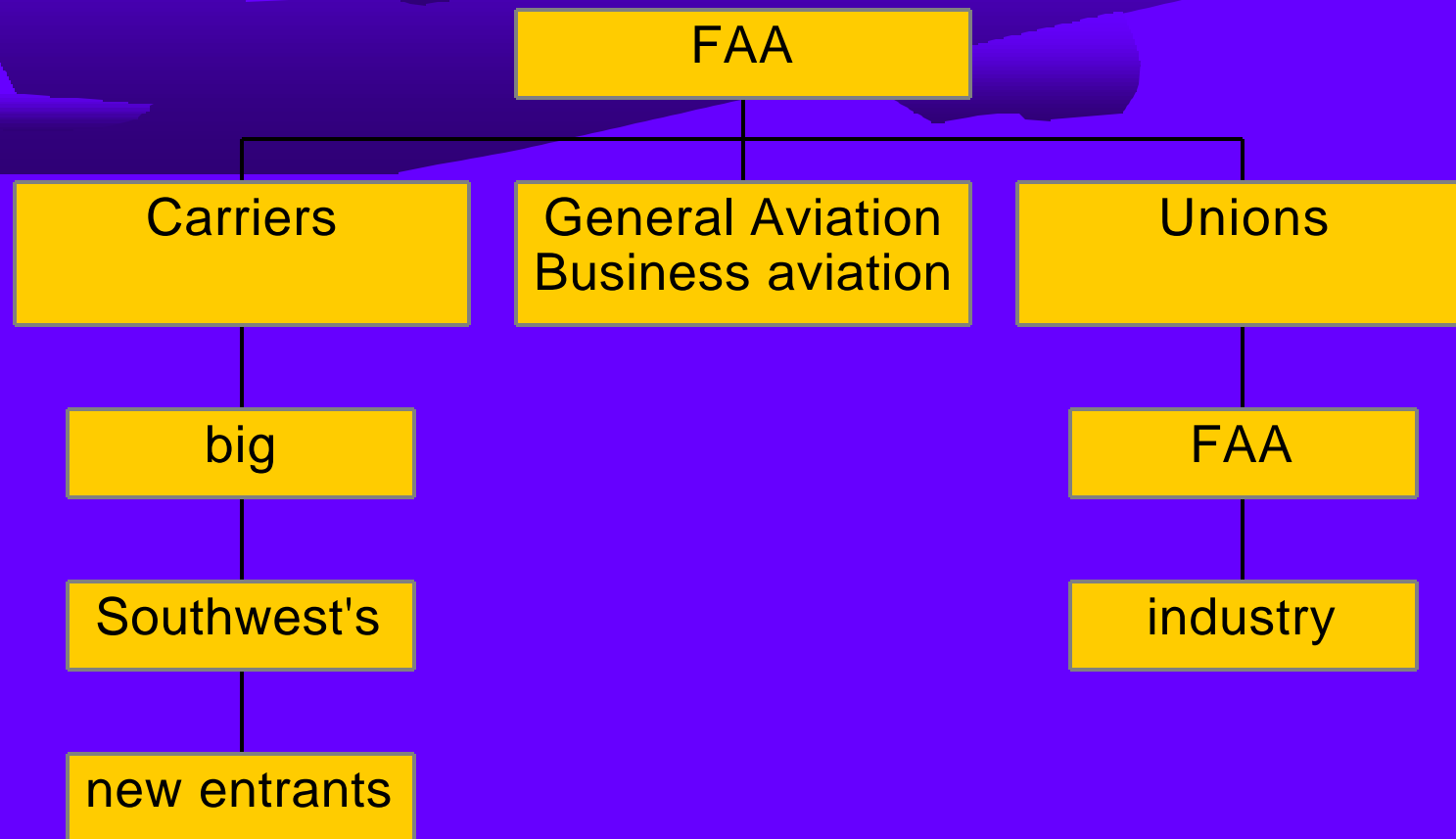
✈ If costs are to come into line with consumers real needs

- consumers will have to pay
- consumers (entire industry) will have to articulate the precise nature of the services required

FRICTION



FRICTION



FRICTION





FANTASY

✈ From a political standpoint,
this is a FANTASY

✈ Congress CANNOT give up control

✈ BUT.....



FANTASY

✈ **In order to remove Congress,**
INDUSTRY must pay for 100%
of the operations

- any Congressional on-going oversight = control
- it may be possible to fix a permanent formula that pays for the DoD use of the system

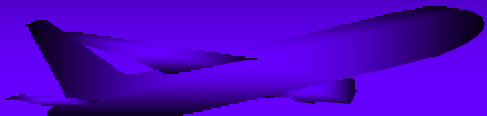


FANTASY

- ✈️ **FAA governed by permanent Board**
- ✈️ **probably the most difficult aspect to achieving this fantasy is to get industry to agree upon a method of governance**
 - perhaps more difficult than getting Congress to relinquish control
- ✈️ **under my fantasy, the cost of operating the FAA would be reduced**



MORAL OF THE FRACTIONAL FAIRY TALE



✈ To get what you want,
Industry will have to pay

✈ Any Level of
Congressional Control= 100% Control

✈ INDUSTRY, if it can figure out the
governance issue, will be able to
maximize value of the FAA to the users

- we pay for, but do not purchase, FAA services



➔ If the Industry Goes to a User Fee System, The Quid Pro Quo Must be Increased Control Over All The Services Delivered to the Users

➔ Without Such a Deal, Industry will be Writing a Blank Check and Will Have No Basis On Which to Measure Performance

FAA FUNDING FORECAST





FAA FUNDING FORECAST

➔ 1999 is the “YEAR OF AVIATION”

➔ Industry must be CARPE DIEM

➔ We must define Industry Legislative Goals That Make Service to Users and Costs Congruent



FAA FUNDING FORECAST

✈ Congress Will Not Do So on its
Own Initiative

✈ Leadership Within Aviation is
Critical to 1999 Being the
TRUE YEAR OF AVIATION



Thank you for your
attention